

Message Text

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ACTION EB-07

INFO OCT-01 ARA-06 ISO-00 ERDA-05 AID-05 CEA-01 CIAE-00
CIEP-01 COME-00 DODE-00 FEAE-00 FPC-01 H-01 INR-07
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AMEMBASSY CARACAS

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E.O. 11652: N/A
TAGS: ENRG, EC
SUBJECT: EDITORIAL COMMENT ON OPEC

1. EL COMERCIO, HIGHLY INFLUENTIAL QUITO DAILY, EDITOR-
IALLY URGED THAT OPEC BE MAINTAINED AS A MEANS OF REDUCING
THE ECONOMIC GAP BETWEEN LDC'S AND THE INDUSTRIALIZED NA-
TIONS. MORE SIGNIFICANT, HOWEVER, WAS THE FACT THAT IT
MENTIONED FOR THE FIRST TIME THE NEGATIVE IMPACT OF THE PRICE
RISE ON LDC'S, AND ALSO FOR THE FIRST TIME MENTIONED THE GOE
ABSTENTION FROM THE ARAB OIL EMBARGO WITHOUT COMPLAINING
ABOUT GSP EXCLUSION IN THE SAME BREATH.

2. THE EDITORIAL SAID OPEC WENT BEYOND PETROLEUM MARKETING,
USING "THE ASSOCIATION AS A POLITICAL ARM AND AS A MEANS OF
PRESSURE TO TRY TO ELIMINATE U.S. AND EUROPEAN SUPPORT FOR
ISRAEL." THE RESULT WAS NOT ONLY "A GIGANTIC INCREASE IN
PRICES" BUT THE EMBARGO AS WELL.

3. "THE PRICE INCREASE HAS CAUSED A PROFOUND CONVULSION IN
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THE WORLD ECONOMY. ALMOST ALL CASH RESERVES DROPPED AND DEFICITS
ROSE TO ASTRONOMICAL SUMS. BRAZIL RAISED ITS DEFICIT FROM FIVE
TO TEN BILLION DOLLARS. THE CENTRAL AMERICAN COUNTRIES ARE AMONG
THOSE MOST AFFECTED. POSSIBLY THE DEVELOPING COUNTRIES SUF-
FERED MORE THAN THE INDUSTRIALIZED AS A CONSEQUENCE OF LACK-
ING THE TECHNOLOGY TO REPLACE PETROLEUM IN SOME FORM; ALSO,

THE POPULATION OF LDC'S HAS LESS APTITUDE TO DISCIPLINE IT-
SELF AND REDUCE CONSUMPTION," THE EDITORIAL SAID.

4. IT NOTED THAT THERE WAS A GREAT DIFFERENCE BETWEEN
PETROLEUM AND OTHER PRIME MATERIALS SUCH AS COPPER OR
BANANAS -- "THEY LACK THE POWER OF PETROLEUM; THAT IS ALL
THE DIFFERENCE." TO WEAKEN OPEC WOULD BE A BLOW TO THE
NEGOTIATING POSITION OF ALL PRODUCERS OF PRIME MATERIALS,
IT SAID.

5. COMMENT: THE EDITORIAL MAY REFLECT EITHER GROWING
DISENCHANTMENT WITH OPEC OR SIMPLY A RECOGNITION OF THE
WOES IT HAS BROUGHT ABOUT THROUGH ITS POLICIES. THERE HAS
BEEN AN ABSENCE OF ENTHUSIASM BOTH WITHIN THE GOE AND WITH-
OUT REGARDING ECUADOR'S OPEC MEMBERSHIP. THIS EDITORIAL --
THOUGH BOOSTING CONTINUED STRENGTHENING OF THE ORGANIZATION --
IS A REALISTIC, IF SOMEWHAT OBFUSCATED, LOOK AT OPEC'S PAST
AND FUTURE.
BLOOMFIELD

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